



THE W. M. KECK FOUNDATION

2000 ANNUAL REPORT

voices

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## CHAIRMAN'S MESSAGE

W.M. Keck founded the Superior Oil Company in Coalinga, California in 1921. With a little luck and a lot of imagination, he built Superior from a small drilling contractor to a global enterprise that was one of the largest independent oil companies of its day.

But for all that, he never forgot his roots. It was the frontier community of Southern California that gave him a chance and the rich oil deposits beneath its soil that gave him his fortune. Southern California was always a big part of my grandfather's life and legacy. It was also the central focus of his philanthropic activities.

Created to fulfill W.M. Keck's commitment to the community that gave him his start, the Southern California Program has been a central part of the Foundation's mission since its inception. This year, we have made it a central part of our annual report.

The Program's activities have traditionally focused on the support of organizations that bring arts and culture, civic and community services, health care, and precollegiate education to the region. Over the past twenty years, the Keck Foundation has made gifts totaling \$129 million to institutions across the region. In 1997, we conducted a review of these past grants. One of the interesting things we discovered was that fully 70% of that money was dedicated to organizations that help children.

This was no great surprise — W.M. Keck, though a tough businessman to be sure, always had a soft spot in his heart for children. But what it told us was that we had an opportunity to refine our grant-making priorities in this area to ensure that we deliver the maximum possible benefit to our community.

Accordingly, we have invested new energy into the Foundation's Southern California Program and further sharpened its focus on services that enrich the lives of children and youth in Los Angeles and its environs. A key part of this effort has been the launch of the W.M. Keck Foundation Early Learning Program, a five-year program designed to promote excellence in the field of early childhood education. The Foundation's goal is to help ensure that young children ages 0-5 have access to quality learning experiences that promote their full development and prepare them to enter school — and life — ready to learn. Through these efforts, the Foundation hopes that we can be part of a broad coalition of parents, community leaders, professionals, and civic and social organizations working to guide urban youth along the path of becoming caring and productive citizens.

In the following pages, the young people of our community have provided an eloquent statement about the importance of having a safe, supportive, and challenging environment to grow up in. Creating such environments is an underlying value of our Southern California Program.

From my perspective, and on behalf of the Foundation's board of directors, I can say this: for all the miraculous scientific and medical breakthroughs our various grant recipients have produced — and for all the vast potential that lies ahead — nothing is quite as rewarding or as immediate as making a positive contribution to the life of a child and indeed, the life of a community. We have tried to share some of that feeling with you by producing this report.

## SCIENCE & ENGINEERING AND MEDICAL RESEARCH

2000 was also another very productive and exciting year in our other grant programs.

In July, we announced the second outstanding class of W. M. Keck Foundation Distinguished Young Scholars in Medical Research, the Foundation's 5-year program designed to give the country's best and brightest young medical researchers the financial support they need to pursue promising ideas early in their careers.

In August, we were very proud to welcome the inaugural class to KGI, the Keck Graduate Institute for Applied Life Sciences. KGI is the nation's first graduate school dedicated exclusively to developing professionals trained in the science and management principles necessary to fuel the growth and development of the emerging biosciences industry.

And in September, we celebrated the groundbreaking of the Neurogenetic Institute at the Keck School of Medicine at the University of Southern California, which has continued to develop at an amazing pace, meeting all of its fund-raising milestones and earning a reputation for excellence.

We continued to be guided by the ideas explored in last year's report, titled "Promising Directions." This book drew on the insights of some of the nation's leading scientists to discern where the greatest research opportunities in the future lie. As its title suggests, the opportunities are many and they are achievable through the right combination of support, creativity and the brilliance and hard work of our grant recipients.

#### GRANT GIVING

These are just some of the highlights from last year. In all, the Foundation made 65 grants in 2000 totaling \$52,075,000. Of these, 25, representing commitments of \$22,950,000, were in the area of Science and Engineering; 18, representing commitments of \$21,500,000, were in the area of Medical Research; 19, totaling \$6,475,000, were made to recipients in our Southern California program; and 3 grants totaling \$1,150,000 were made in the area of Liberal Arts Education. All of them were to exemplary institutions where outstanding people are doing bold and important work. We applaud them and encourage their efforts.

#### FINANCIAL MATTERS

The W.M. Keck Foundation continues to operate on a very sound financial basis. Indeed, we are very proud to have made grants totaling over \$950 million since 1979, while during the same period growing the Foundation's assets from approximately \$250 million to \$1.5 billion, as of December 31, 2000.

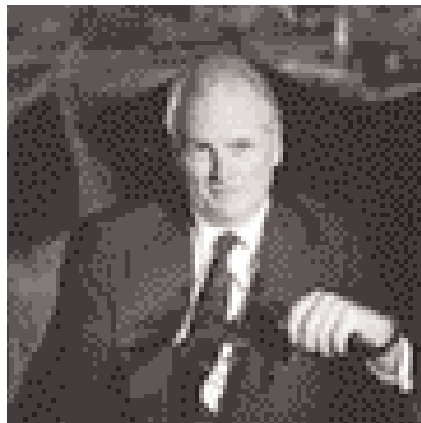
#### NEW DIRECTORS & MEMBERS

Finally, I would be remiss if I didn't also say that the Foundation's work does not happen automatically. Good grants are the product of countless hours of hard work, thoughtful evaluation, and the sound judgment of our board and staff. The sharing of ideas, insights, and perspectives within the Foundation is active and intense. It reflects a commitment to excellence in the Foundation's grant-making, a dedication to the philanthropic vision of W.M. Keck, and an extraordinary spirit of partnership between our world-class directors and staff.

The Foundation was very pleased to welcome a new director this year, Nancy Daly Riordan. A tireless activist for children's rights, Nancy is the founder of United Friends of the Children and co-founder of The Children's Action Network. She is an able, dedicated leader and a great addition to our Board.

We are also deeply saddened by the recent passing of two dear friends, Max Lents and Bob Rawls Dorsey. Max was a Member and Director of the Foundation since 1982 and Chairman of the Medical Research Program since 1986. Under his leadership, this program awarded more than \$261 million to major universities and independent research institutes nationwide to support innovative basic research in the life sciences. Most recently, he championed the establishment of the Distinguished Young Scholars in Medical Research Awards, designed to encourage pioneering research by the nation's most talented young investigators. Bob joined the Foundation board in 1983 and served as Chairman of the Science and Engineering Committee from 1986 to 1996. He was intimately involved in the approval of funding for the Keck telescopes. Bob was a strong advocate for a subsequent grant to support development of the adaptive optics technology that have helped extend the capabilities of these extraordinary telescopes. We will miss Max's and Bob's wisdom and friendship.

We are indeed fortunate to have such a talented and devoted group of people. We are grateful to our directors, staff and members for their efforts, and indebted to our grant recipients for the work they do to make the world a safer, healthier and better place.



ROBERT A. DAY

CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

W. M. KECK FOUNDATION

## VOICES



This year's annual report highlights the Foundation's Southern California Program. In recent years, this Program has focused more and more on improving the lives of children and youth and on strengthening families in our region. Through the Foundation's grants for a wide range of projects – including arts education, health and dental clinics, early childhood development, after-school programs, teacher training, and community education and family resource centers – we have sought to provide the opportunities and safe, supportive environments that kids need to grow up healthy and to be prepared to succeed in school and in life. Rather than showcase organizations and programs that we have funded however, we wanted to focus this report on the kids themselves.

We asked a number of our partner organizations to help us gather the young people's voices you will read on the following pages. To help set the stage for the project, we shared a list of topics to encourage kids to talk or draw about their experiences growing up in and around Southern California. We emphasized that we wanted their candid expressions and thoughts and then hoped for the unexpected.

Here, in their own words and pictures, is a small sampling of what these young people have to say to adults about their world. Not surprisingly, kids tell us they need material things – food, clothing, shelter, computers, books and art supplies. But they also speak of other needs – opportunities to explore, safe places to go, and experiences that help them discover their identity. And they need people – involved parents, networks of supportive friends, and encouraging teachers. Beyond even these things, they need to contribute, to help others. In other words, they need a strong and caring community. We're proud to do our small part in helping to provide one.



“The one thing I want adults to know  
about my friends and me...”

— John, Age 17



# exploring

Kids tell us that they grow by actively exploring the world around them. They make observations, using the tools at hand. They have hunches, then they test them out. They take chances and make mistakes. For kids who have the freedom to explore, either close to home or far from their familiar neighborhoods, a world of wonder and possibilities opens.

“I live in Watts. Before the arts program, there was nothing to do around here.

Now I've got something to do.

I look at the Towers and I draw parts of it, change the letters around, do different designs.

I take my idea and translate it on the computer. I play with it, change it, make it better.”

– Jesus, Age 16



– Jessenia

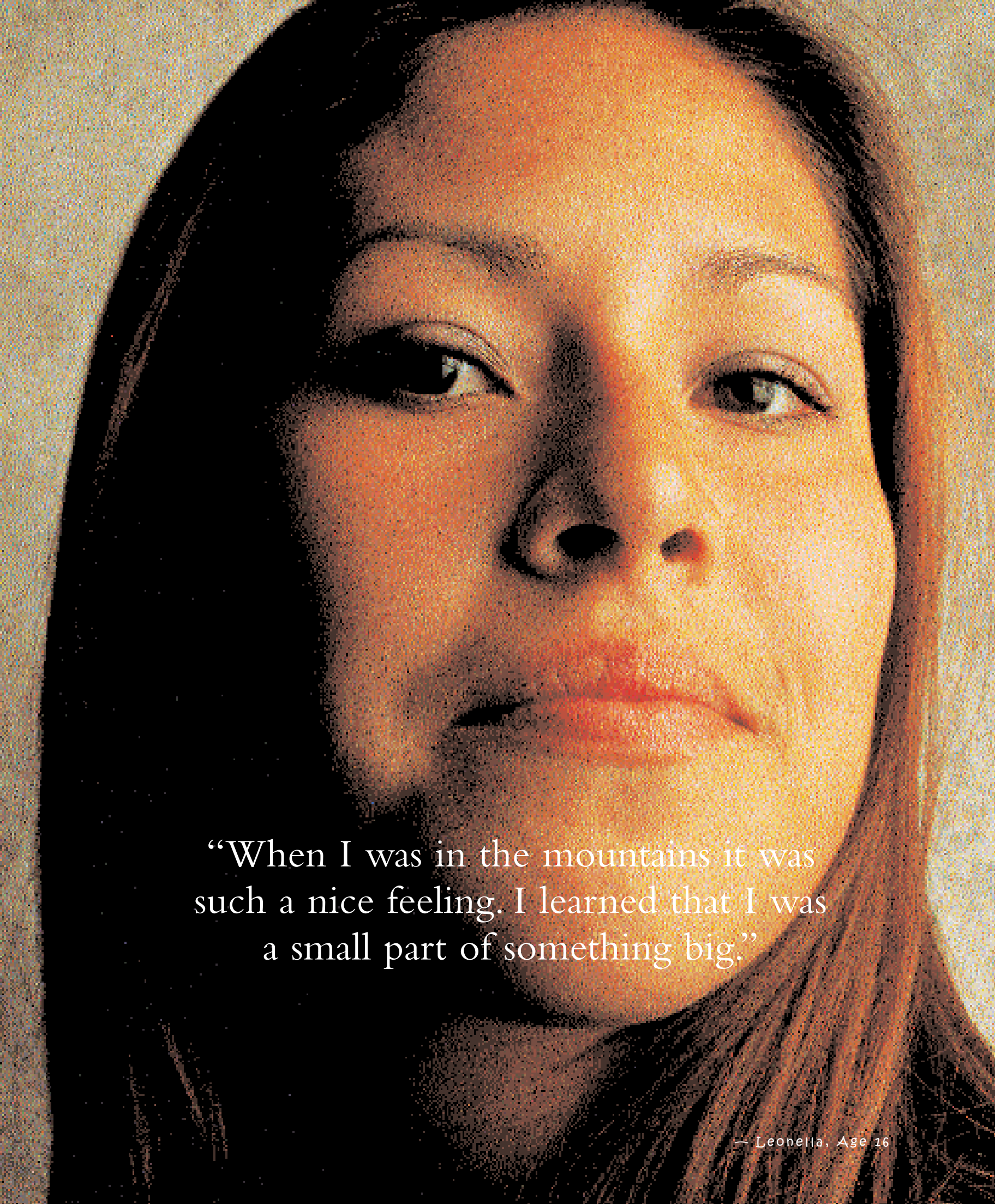


“I went on a hike up Half Dome.  
Half way up, I really thought  
I couldn’t finish the hike.  
I felt frustrated with myself because  
I was so tired and drained of my energy,  
physically and mentally.  
When I finally got up there and looked around to see what I had done,  
it was the best feeling ever!  
After that hike I felt I could do anything I wanted as long as I didn’t give up.”

– Kristina, Age 17

“What I obtained from (this class) is that it’s okay to take chances.  
I learned that making what I considered mistakes was alright  
because the way I wanted my project to come out  
could have a whole other meaning than I intended.”

– Andrew, Age 16



“When I was in the mountains it was  
such a nice feeling. I learned that I was  
a small part of something big.”

# places

Where kids spend their time makes a difference to them. They find ways to be reflective, inquisitive, and mischievous in all kinds of places. They are creative in the quiet of their rooms, attentive listening to the storytellers at their local libraries, and strong when they swing on the bars in the park. They are also scared and want places that make them feel protected. Kids growing up in neighborhoods with lots of safe, quiet, fun, stimulating, and challenging places to go have an invaluable advantage.



“The park is a fun place to go to learn about the world. I learn how trees grow at the park.

Some are big and some are little I like to play on the monkey bars. It makes me strong when I swing on the bars.

I like to watch the squirrels in the park. They make me happy.”

— Jesse, Age 6

“In my room I can learn different things, like how to draw pictures and write.

I can learn by reading my books. I can make up my own stories.

When I look out of the window in my room I can see a garden.

I learn how plants grow and how they need water. I like to be in my room.”

— Lelani, Age 6

“The library is fun. It is quiet  
there so it is easy to learn.

I can read many different kinds  
of books there.

I like story time.

I like to go with my Mommy.  
Sometimes my class goes, too.”

— Savannah, Age 6




“In my (ideal) school, I will have a lot of teachers, computers, books, learning games, reading games, toys, and a petting zoo.

I will also have a bigger fence. The fence will block out most of the sun  
except for the little tiny holes where the sun can shine through.

It will make nice shadows and shade on the floor to keep everyone cool.

It will also keep the balls inside when the kids play.  
They can be safe in my school.”

— Carlos, Age 8



“The library is fun.  
It is quiet there so it is easy to learn.”

— Savannah, Age 6







— Stephany, Age 11

“I dance because it is a way of escape.

When I am dancing I feel free.

I lose myself within the beating of the drum or the folk music playing along.

I am proud to be aware of my culture and to express it through the beautiful dances of my past.

Dancing is more than just steps and movements, it is something that comes from inside, from the heart.”

— Jesus, Age 17

“Being an African-American living in California you get accustomed to different people and cultures.

I've always been the one to judge people just on their appearance.

When I discovered this, I wanted to change it immediately.

My mother was enrolled in an African-American culture class.

I decided to attend a class with her so I would find out who I am before I tried to find out who everyone else is. When I walked into the class I was surprised to see all different races in an African-American course.

That class was so intense, yet so informing, it brought tears to my eyes.

At the end of class, I walked out with my head toward the ground,

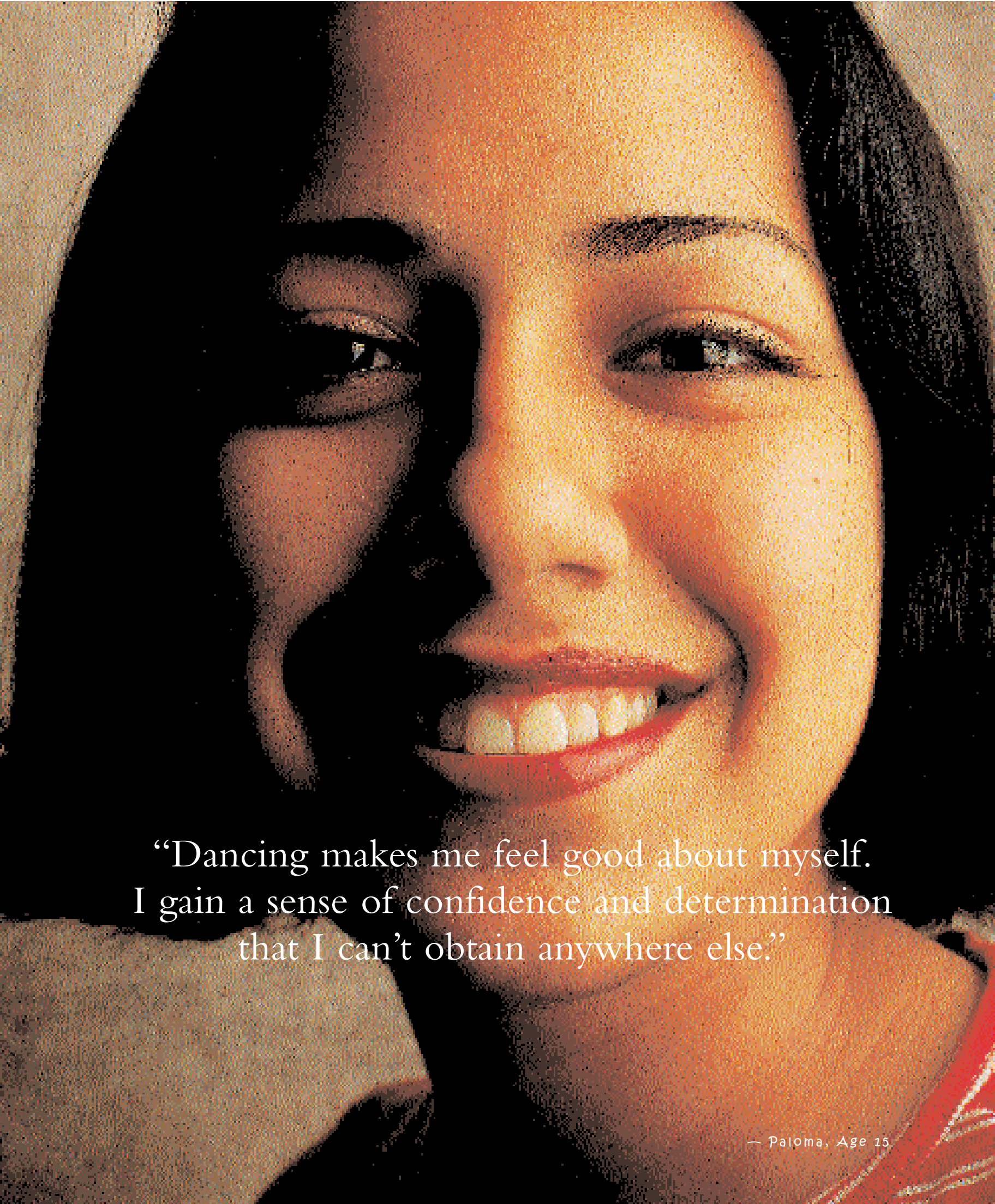
disappointed at all of the foolish assumptions I'd made about people.

Now when I look at people, I know to look beyond the outside appearance and look deep inside their roots.”

— Darmishia, Age 18



— Alex, Age 7



“Dancing makes me feel good about myself.  
I gain a sense of confidence and determination  
that I can’t obtain anywhere else.”

— Paloma, Age 15



# family & friends

Kids say that they need parents who love them and will always be there for them. They need friends to learn from, confide in and help them through the rough times. They need adults and peers who respect them, and who have a way of seeing the world positively, even when things are going badly. Kids lucky enough to have this web of support from family and friends are well on their way to developing the confidence and competencies they need to become caring and productive adults.



“What most people don't realize is that even by hanging out with your friends you can learn some of the greatest social skills. Your friends can teach you life skills that you can use on the job, at a restaurant, or any other social event.”

— Raena, Age 18



—Cristina, Age 8

“Spending time with my friends helps me forget about all of my problems.”

— Paloma, Age 15

“The one thing I want adults to know about my friends and me is that we are always there for each other during the rough times.”

— John, Age 17

“The person I consider to be a real hero is my mother.  
Mostly, for bringing me into the world, but also,  
for making my stay here on earth a pleasant one.  
I admire everything about her.  
To me she shows pure genius in everything she does.  
I thank her for that.  
For, without her, I would not be so far ahead in the game.”

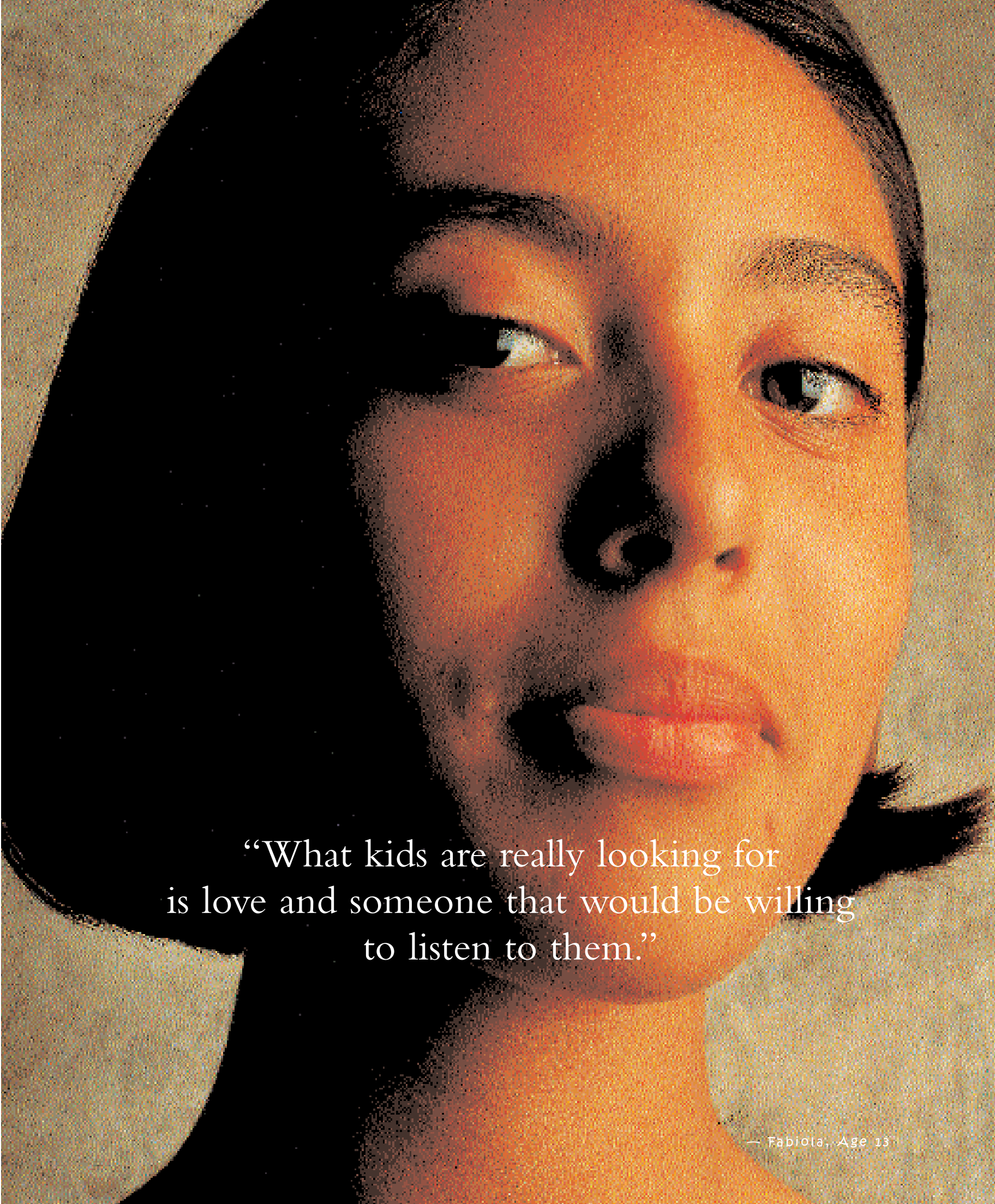
— Candace, Age 17



—Natalie, Age 8

“My father is my hero because he is always there for me when I need him.  
As far as I know he is the main person that I can depend on.  
I picked my father because I love him very much, and he always makes time for me no matter how busy he is.  
This is why my dad is my hero.”

— Alyssa, Age 8



“What kids are really looking for  
is love and someone that would be willing  
to listen to them.”

— Fabiola, Age 13



# teachers

All kids are students, and they respond to teachers who are kind and helpful, who listen and care, and who are trustworthy and make learning fun. They want their teachers to see beyond their annoying behaviors to the promise buried within. They hope their teachers will introduce them to new ideas, motivate them to stretch their imagination, and make it safe to take risks. Kids who experience great teachers say they have received a precious gift.



— Vanessa, Age 10

“The thing I like best  
is the grownups who are here.  
I feel safe because they are around.”

— Stephanie, Age 10

“My World History teacher was the best teacher in the world.  
He would totally respect you like if you were an adult, someone important.  
Some teachers don't care what you have to say or think. He did.  
He cared if you got something out of the lesson and if you really learned something you would use in the future.  
Everyone loved him because you could talk to him whenever you wanted.  
You just felt you could trust him so much.  
When a teacher has that kind of influence on you, you know that person can make a difference in your life.

— Kristina, Age 17

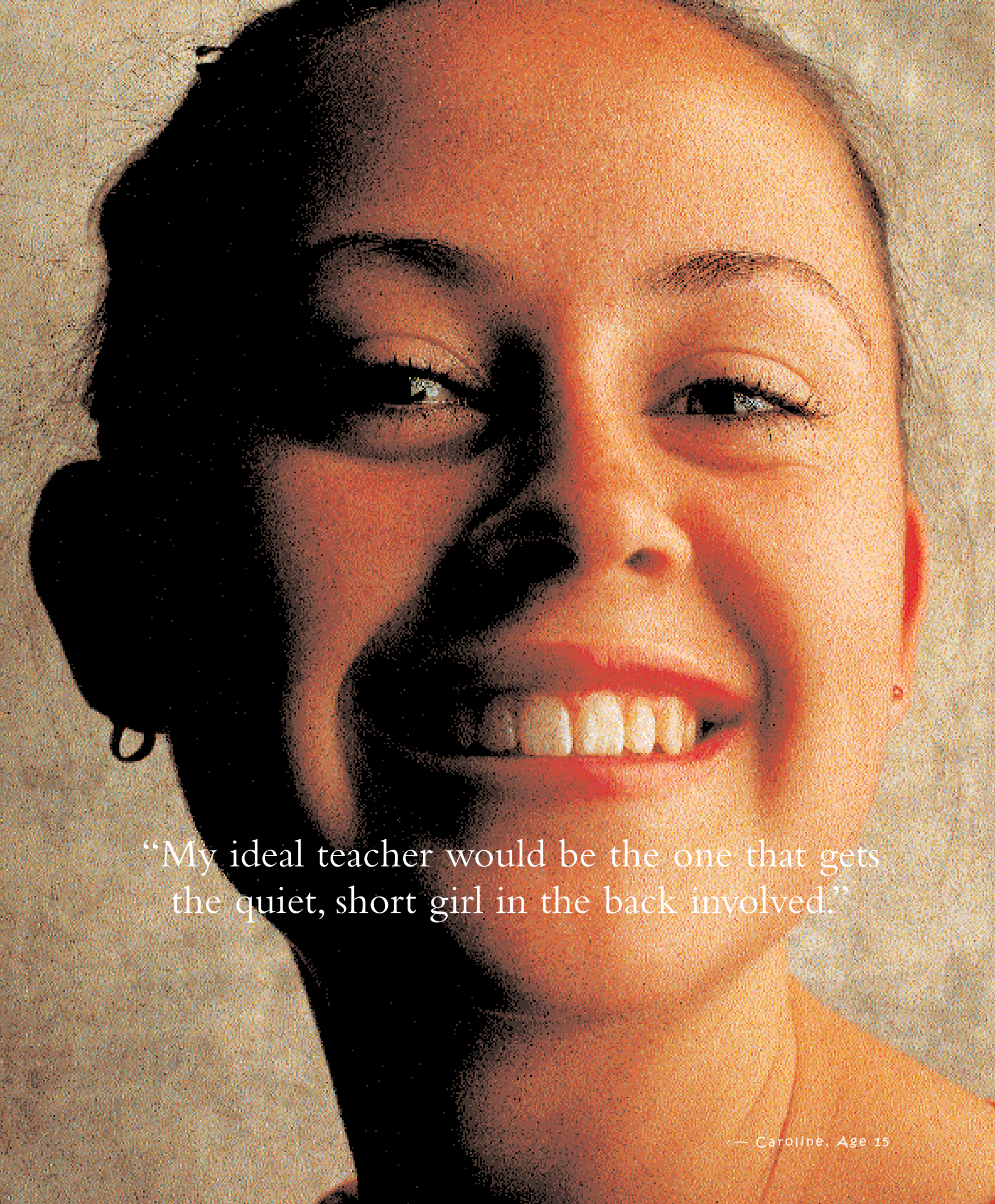
“The important thing about teachers is that they give you knowledge.  
They teach us how to read, how to write,  
how to do math, how to spell, and how to speak better.  
They also give us love and care like our mothers.

— Czarina, Age 8

“Teachers have to inform students that they are capable of doing anything  
if they have their mind set to it. I know this by experience.  
If I am constantly being put down a lot, I feel that I can't do anything, even if my life depended on it.  
That is the worst feeling.  
However, if I'm motivated, I feel like I could do anything.”

— Silva, Age 16





“My ideal teacher would be the one that gets  
the quiet, short girl in the back involved.”

— Caroline, Age 15

# helping others

Kids want to contribute, help others, and be of service. They want a chance to share their vision, creativity and energy in ways that make life better for others. They want the opportunity to work hard, be frustrated, and experience a sense of pride and accomplishment because they made a difference in another person's life.



— Created by children ages 6-10





—Isabel, Miya, Jackie, Danielle, Maggie Ages 9-11

“I was working at a Boys & Girls Club. There was a kid who had no idea how to tie shoes.

One day he was alone at a table doing his homework

and I asked if there was anything I can help him with and he silently asked me,

‘Can you teach me how to tie my shoes?’

So I taught him the way I was taught. It felt good to be the teacher and not the pupil

because when you're in control of a situation, the person you're teaching looks up to you.

The way he was looking at me, I knew he was happy and from the bottom of my heart, I was happy for him.”

— Vanessa, Age 17

“I feel great when I know

that I have made a subtle difference

in someone's life.”

— Vanessa, Age 12

“If I had a million dollars to give to help kids

I would give them some clothes and shoes for them to wear.

I would buy toys and food for them

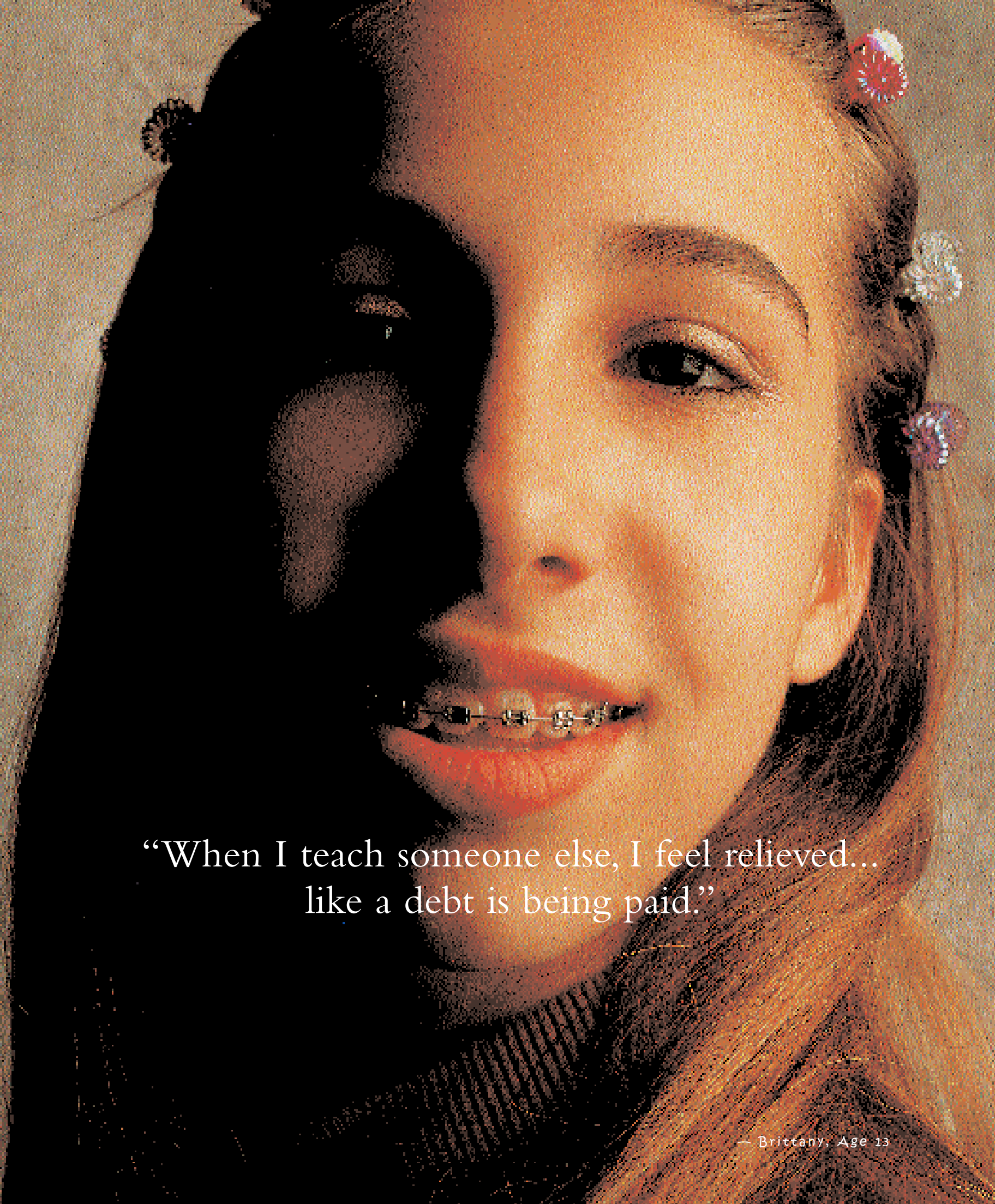
because they maybe don't have that much of the things they need.

With a million dollars I could buy things for myself

but it is best to share with people that need things

or maybe that don't have enough money to buy things.”

— Ana, Age 10



“When I teach someone else, I feel relieved...  
like a debt is being paid.”

— Brittany, Age 13



“If we start off good by helping our children of today, the world will be a better place tomorrow because today’s children are the future.”

— Esmeralda, Age 16

“I’m never going to forget that wonderful day when all I saw was smiles and love.”

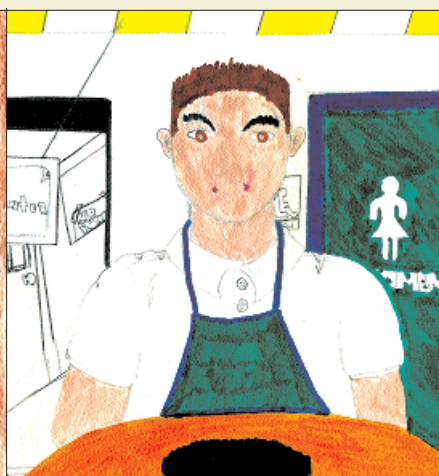
— Caroline, Age 15



— Anna, Age 12



— Jeffrey, Age 11



— Hector, Age 13



—Nubia, Age 7



As the preceding pages reveal, young people are perceptive, their voices poignant, their expressions direct. Their observations are at once obvious and profound. And their voices mirror what children's services practitioners and educators working on the front lines, as well as researchers, have to say about the kinds of environments kids need – and the resources communities must provide – if all our children are to reach their full potential. We are making progress. But we still have a long way to go.

The Foundation's Southern California Program is part of a fabric of organized and *ad hoc* efforts to provide support for kids, their families and their communities. As such, we will continue to work with soundly managed institutions and organizations that are headquartered in Southern California and are therefore part of the local community. We will keep on investing in capital projects and in programs, in new ideas and proven approaches, in direct service and capacity building. And we will go on touching the lives of kids and families through our continuing commitment to arts and culture, civic and community services, health care, and precollegiate education.

This year, as an extension of this commitment, we launched the W.M. Keck Foundation Early Learning Program as a new focus within our Southern California Program, to promote excellence in the field of early childhood care and education. Through this new program, we will support projects that address the intertwined issues of quality, availability and accessibility, so that more children have the opportunity to participate in, and reap lasting benefits from, early childhood learning programs.

We thank the children and teens who shared themselves so freely in their writing and their art. We will continue to listen to their voices and respond to their needs as the Foundation's Southern California Program evolves over the coming years.

We hope that all kids have experiences like the one Caroline describes, "I'm never going to forget that wonderful day when all I saw was smiles and love." There is still much to be done, and we are committed to making a difference.

“Learning is the one thing most people don't take advantage of and they should.

You never know if what you learn one day can help you on another day.

So, you can either be the person who knows how to just turn on the copy machine,  
or you can take it further by learning, and be the person who knows how to fix it when it's not working.”

—Albert, Age 15

“Why, oh why do I do the things I do?

Does it make me no good for you?

I try my best to be

The greatest and dearest

For you and me.

I take a step and fall back

Down into the worries

And sorrow I see in

Your crown.

I can't see my world

In your eyes

But my life in my tries.”

—Mark, Age 15

“They say success comes to those who wait

But it really comes to those who take

The time off to read a book

Horror, drama, or how to cook

Learning can also keep you off the street,

Preventing you from becoming a criminal or thief.

To sum it all up because I'm almost done

Learning will help you a lot in the long run.”

Billy, Age 16



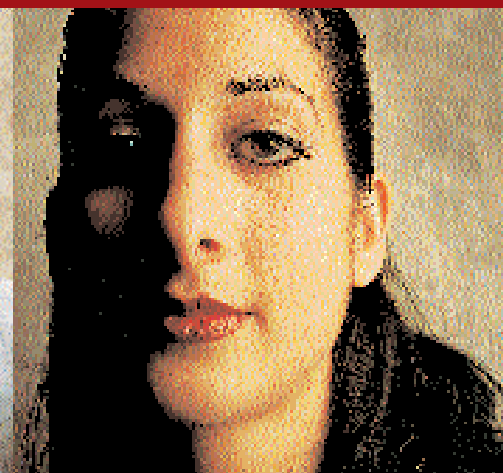
— Jose, Age 9



— Kristina, Age 17



— Jesse, Age 6



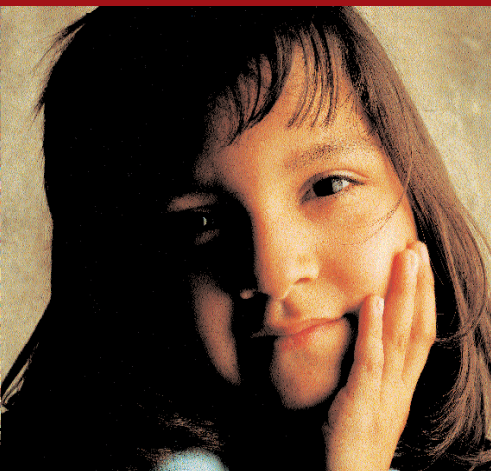
— Silva, Age 16

“A door that is always open, a hand stretched out to help you.  
A smile to make you feel better, a stare that understands you.  
Advice that makes you feel better, a critic that makes you a better person.  
A hug.  
Applause that cheers you on through the whole day.  
A favor, with little asked other than success.”

—Esmeralda, Age 16

“If teens need to look at the adult's point of view,  
don't you think the adults should look at the situation from the teen's point of view?  
I go to school not because my parents make me, but because I want to.  
I want to make something of myself, and do something constructive with my life.  
At times it is very hard for me, but when I've accomplished whatever I was setting out to do, it makes me feel invincible.  
If there were one thing in this world that I would want adults to understand,  
is that teens aren't all bad or obnoxious. If adult would look at the teen's point of view  
and the teens would look at the adult's point of view there would be no conflict.”

—Heather, Age 17



— Lelani 6



— Natalie, Age 8



— Jeffrey, Age 11



— Sarah, Age 7



## ACKNOWLEDGEMENTS

While space prohibited us from including all the wonderful material we received, we would like to thank all the children and youth who shared their writing and their art. We also gratefully acknowledge the help of the following organizations who worked directly with the young people to gather this information:

- ART CENTER COLLEGE OF DESIGN
- CALIFORNIA INSTITUTE OF THE ARTS
- CONSTITUTIONAL RIGHTS FOUNDATION
- DISCOVERY MUSEUM OF ORANGE COUNTY
- FIVE ACRES – THE BOYS’ AND GIRLS’ AID SOCIETY OF LOS ANGELES COUNTY
- FRIENDS OF THE JUNIOR ARTS CENTER AND HATHAWAY FAMILY RESOURCE CENTER
- MENTAL HEALTH ASSOCIATION IN LOS ANGELES COUNTY
- PASADENA EDUCATION FOUNDATION
- PUENTE LEARNING CENTER
- SAINT JOSEPH BALLET COMPANY
- SALESIAN BOYS AND GIRLS CLUB OF LOS ANGELES
- SOUTHWEST CHAMBER MUSIC SOCIETY
- STONE SOUP CHILD CARE PROGRAMS
- YWCA OF GREATER LOS ANGELES



2000 GRANT AWARDS  
GRANT POLICY STATEMENT AND PROCEDURES

## HIGHER EDUCATION GRANTS

### SCIENCE AND ENGINEERING

#### Graduate and Research Universities

Carnegie Institution of Washington  
Washington, DC

*To support high pressure research through construction of a synchrotron beamline at the Advanced Photon Source.*

Carnegie Mellon University  
Pittsburgh, PA

*To develop novel fluorescence imaging and micro-biosensors for the study of cell function in tissues.*

Clemson University  
Clemson, SC

*To support the development of visualization methodologies for the study of polymer structure and processing.*

Colorado State University  
Fort Collins, CO

*To acquire equipment for development of a table-top soft x-ray laser.*

Columbia University  
New York, NY

*To create a laboratory for the study of electrons under extreme conditions.*

Marine Biological Laboratory  
Woods Hole, MA

*To establish an ecological and evolutionary genetics facility.*

Montana State University, Bozeman  
Bozeman, MT

*To support a four-year multidisciplinary research program in biofilm engineering.*

Northwestern University  
Evanston, IL

*To equip a facility for research in molecular self-assembly and the nanofabrication of soft materials.*

Pennsylvania State University  
University Park, PA

*To equip a facility for the integration of smart materials and devices.*

Syracuse University  
Syracuse, NY

*To support field research and system modeling of the effects of atmospheric deposition on complex ecosystems.*

University of California, Irvine  
Irvine, CA

*To establish an accelerator mass spectrometry facility dedicated to carbon cycle research.*

University of Maryland College Park  
College Park, MD

*To develop theoretical techniques for weather forecasting based on chaotic nonlinear dynamical systems.*

Washington State University  
Pullman, WA

*To purchase an accelerator and build a positron beam for basic anti-matter research.*

#### Special Grant

University of Toronto  
Toronto, Ontario

*To support a research initiative that will apply the technologies of digital information processing to the geomechanical, environmental, and economic aspects of mining.*

## Undergraduate Colleges

Baylor University  
Waco, TX

*To purchase equipment for new multidisciplinary programs in biochemistry and bioinformatics.*

Bryn Mawr College  
Bryn Mawr, PA

*To establish a five-year postdoctoral science program that combines training in research and undergraduate teaching.*

California Lutheran University  
Thousand Oaks, CA

*To provide equipment for visualization, microscopy, and modeling in the sciences.*

California State University, Northridge  
Northridge, CA

*To support the establishment of a materials science research center.*

Connecticut College  
New London, CT

*To establish a visiting fellows program focused on rapidly changing fields in the sciences.*

Lafayette College  
Easton, PA

*To support construction of an adjustable recirculating flume for interdisciplinary teaching and research.*

Lewis and Clark College  
Portland, OR

*To enhance and expand the computer science program.*

Massachusetts Institute of Technology  
Cambridge, MA

*To create a model for the reform of engineering education.*

University of San Francisco  
San Francisco, CA

*To fund a self-built parallel supercomputer for interdisciplinary undergraduate research.*

University of the Pacific  
Stockton, CA

*To equip three new undergraduate laboratories in the Geosciences Department.*

Washington and Lee University  
Lexington, VA

*To establish an undergraduate interdisciplinary program in nonlinear dynamics.*

## LIBERAL ARTS

Allegheny College  
Meadville, PA

*For a program that combines the neurosciences and humanities through curriculum development and faculty/student research.*

Alverno College  
Milwaukee, WI

*To support expansion of the diagnostic digital portfolio prototype to the liberal arts.*

Colorado College  
Colorado Springs, CO

*To provide four-year support for a visiting scholar and GIS laboratory aimed at strengthening links among interdisciplinary programs in southwest studies and environmental sciences.*



## MEDICAL RESEARCH GRANTS

Cornell University  
Ithaca, NY

*To establish an integrated research and training program in membrane biology and biophysics to study signaling complexes at the cellular level.*

Harvard University  
Cambridge, MA

*To support chemical genetics research in the Institute of Chemistry and Cell Biology, bringing together synthetic organic chemistry and cellular and molecular biology techniques to determine the function of proteins.*

Rockefeller University  
New York, NY

*To support, in conjunction with the Courant Institute of Mathematical Sciences at New York University, a program in mathematical and computational biology, designed to train computer scientists and mathematicians to conduct biomedical research.*

Tulane University  
New Orleans, LA

*To develop a program in molecular pathogenesis and immunity to infectious disease, and to develop new vaccines and vaccine delivery systems.*

University of Alabama at Birmingham  
Birmingham, AL

*To support a center for functional neuroimaging that will bridge functional brain imaging research and basic neurophysiology.*

University of California, Davis  
Davis, CA

*To establish a cellular and molecular neuroscience imaging center and a central database for the study of neuropsychiatric disorders.*

University of California, San Diego  
La Jolla, CA

*To help establish the Center for Functional Magnetic Resonance Imaging, intended as a regional resource for imaging of the brain and other organs and for the development of new imaging tools.*

University of Houston  
Houston, TX

*To purchase x-ray and NMR equipment for research that combines computation and structural evaluation to design new molecules.*

University of Maryland Biotechnology Institute  
Baltimore, MD

*To purchase equipment for a core laboratory for integrated structural biology in the Center for Advanced Research in Biotechnology.*

University of New Mexico  
Albuquerque, NM

*To support development of a multidisciplinary research and training program in genomics.*

University of Texas Southwestern Medical Center at Dallas  
Dallas, TX

*To establish a laboratory for the study of human genomics for the prevention and cure of diseases related to fat metabolism, such as cardiac arrest and stroke.*

University of Utah  
Salt Lake City, UT

*To continue support for the Keck/Utah Genetics Reference Project, specifically to complete phenotypic data collection on the families who are part of this genetic reference data set.*

University of Wisconsin, Madison  
Madison, WI

*To support a Center for Chemical Genomics to use synthetic organic chemistry and high-throughput screening techniques to study biologically significant molecules.*

### Distinguished Young Scholars in Medical Research

Cornell University  
Ithaca, NY

*To support Dr. Michelle Wang's research on the mechanisms of gene expression by directly monitoring individual molecules at work.*

Massachusetts Institute of Technology  
Cambridge, MA

*To support Dr. Frank Gertler's research on the mechanisms that are used to control cellular movement and adhesion.*

Princeton University  
Princeton, NJ

*To support Dr. Joe Zhuo Tsien's research into how genetically controlled and age related changes in the synaptic links between neurons in the brain affect learning and memory formation.*

University of Michigan  
Ann Arbor, MI

*To support Dr. John Moran's research into the mechanisms by which L1 retrotransposition contributes to human disease and the evolution of the human genome.*

Rockefeller University  
New York, NY

*To support Dr. Milton Werner's research into the genetic and structural basis of inherited disorders of the blood and bone.*

## SOUTHERN CALIFORNIA PROGRAM GRANTS

Boys & Girls Club of San Pedro  
San Pedro, CA

*To provide full-day programs to serve youth attending schools on multi-track, year-round schedules.*

California Institute of the Arts  
Valencia, CA

*To support the Community Arts Partnership's Digital Arts Network Project serving disadvantaged teens, and to provide scholarships.*

Child & Family Center  
Santa Clarita, CA

*To construct a preschool for special needs children as part of a new facility to house mental health and family support programs.*

Esperanza Community Housing Corporation  
Los Angeles, CA

*To provide space for non-profit health and family services organizations as part of the construction of Mercado La Paloma, a public market in South Los Angeles.*

Hillsides  
Pasadena, CA

*To support construction of the Children's Resource Center to serve residents and their families.*

Kidspace Museum  
Pasadena, CA

*To support construction of a new children's museum.*

LA's BEST  
Los Angeles, CA

*To establish an after-school literacy program at elementary schools in inner-city neighborhoods.*

Los Angeles Child Guidance Clinic  
Los Angeles, CA

*To support construction of a new facility to expand programs for very young children and young adults with special needs.*

Los Angeles Unit of Recording for the Blind & Dyslexic, Inc.  
Los Angeles, CA

*A joint request with the Inland Empire/Orange County Unit to install computer-based digital recording equipment in five Southern California studios.*

Mary Star of the Sea High School  
San Pedro, CA

*To support construction of a new and larger high school campus to serve more students.*

Neighborhood Youth Association, Inc.  
Los Angeles, CA

*To expand the preschool program and provide full-day care for low-income children in the Venice-Oakwood community.*

Olive Crest Treatment Centers  
Santa Ana, CA

*To support construction of the Education and Community Center at the new Inland Community Children's Ranch.*

P. F. Bresee Foundation  
Los Angeles, CA

*To furnish and equip the new Bresee Community Center, and expand youth development programs.*

Rehabilitation Institute at Santa Barbara  
Santa Barbara, CA

*To support construction of a new state-of-the-art medical facility for individuals with catastrophic illnesses or injuries.*

Salesian Boys and Girls Club of Los Angeles  
Los Angeles, CA

*To support construction of, and provide computer technology for, the Salesian Family Youth Center in Boyle Heights.*

Southwest Museum  
Los Angeles, CA

*To support construction of a new storage facility to preserve the museum's historic collection of Native American art and artifacts.*

Volunteers of America of Los Angeles  
Los Angeles, CA

*To furnish and equip new classrooms, and expand preschool programs for low-income children at a family center in North Hollywood.*

Weingart Center  
Los Angeles, CA

*To support renovation of a new Education and Employment Center for homeless and working poor people living in and around the Skid Row area.*

WISE Senior Services, Inc.  
Santa Monica, CA

*To support construction of a new Adult Day Care Center for disabled seniors.*

## REQUIREMENTS FOR GRANTEES

Potential applicants are advised that by submitting a request they are consenting to comply with the following requirements in the event that a grant is awarded:

1. The grantee, as a condition of accepting the funds, affirms that the entire proceeds will be used to implement the charitable purposes of the project for which the grant is made. Should the grantee wish to terminate the charitable project funded or redirect the purpose of the grant, the Foundation is to be consulted immediately. The grantee further affirms that no funds have been or will be paid to organizations or consultants engaged in fundraising or public relations for services rendered in obtaining the grant.
2. Grant funds shall be placed in an interest-bearing account until they are needed for the project for which the grant was made. The accrued interest must also be used only to support that project.
3. Written progress reports on the activities the grant has enabled the grantee to undertake must be provided to the Foundation. A financial accounting on the earnings and expenditure of grant funds must be included with each narrative report. Report forms and schedules will be provided by the Foundation.
4. The grantee is to secure Foundation approval in writing prior to releasing any public announcements or statements to the media regarding the grant or referencing the grant in internally produced publications. Foundation staff is happy to assist in developing such material. The grantee must also secure Foundation approval in writing before making any commitments for permanent recognition of the W. M. Keck Foundation.
5. If a challenge grant is awarded, the grantee is to make every effort to secure matching funds required to fully implement the project. Upon raising the match, the grantee is asked to provide the Foundation with a detailed accounting of the sources of the matching gifts.
6. If a grant for endowment is awarded, earnings on the endowment will be used solely to support the purpose for which the grant was made or to increase the principal of that endowment. The endowment principal must be maintained in perpetuity.
7. For fellowships, chairs, and similar awards, the grantee is asked to provide the Foundation with periodic reports on the selection process, the progress of the search, and the names and backgrounds of those receiving the awards, although the Foundation does not wish to influence the selection in any way.

*The Foundation will monitor and assess the impact of prior grants to help determine the Foundation's future program objectives.*

## STATEMENT OF POLICY AND PROCEDURES

### SCIENCE, ENGINEERING AND LIBERAL ARTS, AND MEDICAL RESEARCH SECTION

*Revised 2001*

In 1954, W. M. Keck established the W. M. Keck Foundation for general charitable purposes. Consistent with Mr. Keck's vision, the Foundation primarily makes grants designed to provide far-reaching benefits for humanity in the fields of science, engineering, and medical research. Reflecting W. M. Keck's life as a pioneer, innovator and risk-taker, the Foundation seeks out research which opens new directions and could lead to breakthrough discoveries and the development of new technologies. Eligible institutions in these fields are accredited four-year colleges and universities, medical schools, and major, independent research institutions located within the United States.

The Foundation also wishes to help ensure that today's youth receive a high-quality, well-rounded education. To that end, it supports a program designed to promote innovative instruction and research at leading liberal arts colleges across the nation.

In addition to supporting the above purposes, the Foundation may from time to time consider special, major grants for potentially significant endeavors that the Foundation believes will ultimately benefit humankind.

In implementing this Grant Policy Statement, the W. M. Keck Foundation will endeavor to sustain and encourage the tradition of private philanthropy in ways that are consistent with the vision of its founder.

#### EVALUATION CRITERIA

Characteristics that the Foundation will look for include:

- a. Exemplary institutions and organizations with a history of achievement and effective management.
- b. Significant programs and projects that:
  1. focus on emerging areas of research at the forefront of science, engineering, and medicine, or may lead to the development of breakthrough technologies in these areas, or
  2. set new directions and use creative approaches in education and research for the liberal arts and sciences at predominantly undergraduate institutions.All programs should have the potential to exert a significant and long-lasting impact in the area for which the applicant requests support.
- c. Programs and projects that demonstrate that the chances for success would be seriously impaired but for the

## SCIENCE, ENGINEERING AND LIBERAL ARTS, AND MEDICAL RESEARCH SECTION

assistance of private philanthropy generally, and the W. M. Keck Foundation in particular.

- d. Institutions and organizations whose financial condition is strong, as demonstrated by their current full, certified, audited financial statements.
- e. Programs and projects that encourage self-sufficiency rather than continuing dependence on W. M. Keck Foundation support.
- f. Programs and projects that respond to a compelling need.
- g. Programs and projects that are consistent with the W. M. Keck Foundation's identified fields of interest.

### LIMITATIONS AND RESTRICTIONS

Organizations are ineligible for consideration if they have not received a permanent, tax-exempt ruling determination from the federal government and (as applicable) the State of California, or if they cannot provide current full, certified, audited financial statements, or if they are private foundations.

Funding will also not be considered for the following purposes:

- a. Routine institutional or general operating expenses, general endowments, deficit reduction, or general or administrative overhead expenses.
- b. General and federated campaigns, including fundraising events, dinners, or mass mailings.
- c. Grants to individuals.
- d. Support for conduit organizations, unified funds, or organizations that use grant funds from donors to support other organizations or individuals.
- e. Sponsorship of conferences or seminars.
- f. Publication of books or the production of films or theater.
- g. Public policy research or activities of any kind.
- h. Organizations or projects to be undertaken outside the United States.

### APPLICATION PROCESS

*Applicants are urged to study the following process carefully.*

The W. M. Keck Foundation considers only grant applications that reflect institutional priorities as identified by the applicant's chief executive officer. The Foundation

adheres to a formal two-phase application process and awards grants twice a year, in June and December. While a formal application is made by submission of a complete Phase I letter of inquiry and supporting documentation, the Foundation strongly urges interested grantseekers to contact its staff by letter or telephone in advance of such a submission.

### INITIAL CONTACTS

Initial contacts from a multi-unit organization, such as a college or university, must be coordinated through a central office. Most major universities have designated an official liaison with the Foundation. Other personnel contacting the Foundation will be referred to the central liaison.

All applicants are strongly urged to consider scheduling an office visit with the appropriate Program Director before submitting a Phase I inquiry. Visits should be attended by both administrative officers and the central liaison when possible. This opportunity to share information is often valuable to both Foundation staff and the applicant.

The Foundation will consider multi-disciplinary and/or multi-institutional projects. Consortia of colleges or organizations may apply for funding if one institution agrees to be the "host," with all materials submitted through that institution. Supporting documentation providing proof of tax-exempt status and solvency is required of all participating institutions.

### PHASE I

#### I. Timetable

Initial application must be made by Phase I inquiry, as described below. Deadline for a Phase I inquiry is 4:30 p.m. on May 15 to be considered for the December grant cycle, and 4:30 p.m. on November 15 to be considered for the June grant cycle. If May 15 or November 15 falls on a Saturday or Sunday, the deadline is 4:30 p.m. on the following Monday. Earlier submissions are greatly appreciated. Phase I inquiries received after the above stated deadlines will be assigned to the next grant cycle.

## SCIENCE, ENGINEERING AND LIBERAL ARTS, AND MEDICAL RESEARCH SECTION

### II. Procedures

Applicants may submit one Phase I inquiry per twelve-month period to each of the two program areas of Science, Engineering and the Liberal Arts, and Medical Research. (Please note that institutions located in Southern California may also be eligible to apply to the Southern California program outlined starting on page 48 of this book.) Predominantly undergraduate institutions are eligible to apply to the Foundation's Science, Engineering and Liberal Arts Program.

On a case-by-case basis, the Foundation will consider new requests to any grant program area before a grant in that program has been fully expended. In the instance of a declined Phase I letter of inquiry or Phase II proposal, the institution must wait one grant cycle to reapply to the same program area. At any phase of the application process, an institution may request a withdrawal of its application without prejudice to future applications.

If, after reviewing this Statement of Policy and Procedures carefully, an institution determines it might be eligible for W. M. Keck Foundation consideration, a Phase I letter of inquiry may be submitted. The Foundation will only consider inquiries which contain the required information and documentation listed in Sections A and B below:

#### A. Project Information

- 1. A narrative, not to exceed three pages, that is signed by the applicant's chief executive officer and includes:
  - a statement of the specific amount being requested from the W. M. Keck Foundation;
  - a brief statement of the institution's history;
  - a description of the project for which support is sought, including its purposes and objectives;
  - a statement of need, and the envisioned impact of the project;
  - a summary of the timetable for implementation of the project;
  - justification as to why this request is being submitted to the W. M. Keck Foundation, as opposed to other private or public funding sources.

- 2. A budget of the project for which support is being sought, not to exceed one page.
- 3. A list of at least five names, titles, complete addresses, telephone and fax numbers of knowledgeable experts in the field, whom you have contacted and who have agreed to serve, who can review the letter of inquiry and describe the potential of the project or research. These experts should not benefit in any way if the organization receives an award.

All of the preceding information must be printed in at least 12 point type with standard spacing between the lines on 8½" by 11" paper with 1" margins.

#### B. Supporting Documentation

- 1. A copy of the institution's current full, certified, audited financial statements. An accountant's review or compilation does not suffice.
- 2. A copy of the institution's determination letter(s) from the United States Internal Revenue Service stating that the institution:
  - is exempt from federal taxation as defined by Section 501(c)(3) of the Internal Revenue Code; and
  - is a public charity (and not a private foundation) as defined by Section 509(a) of the Internal Revenue Code.
- 3. If the institution is located in the State of California, a copy of the confirmation letter from the State of California Franchise Tax Board stating that the institution is exempt from California State Franchise or Income Tax under Section 23701(d) of the Revenue and Taxation Code.

All documentation, with the sole exception of group rulings, must be in the same, current and full name of the qualifying organization. Group rulings should include documentation evidencing that the applicant is specifically entitled to use the group's tax exempt status. Both the federal and the California tax-exemption rulings must be permanent; an advance ruling does not suffice.

## SCIENCE, ENGINEERING AND LIBERAL ARTS, AND MEDICAL RESEARCH SECTION

### C. Optional Background Information

An institution may wish to include some or all of the following:

- a fact sheet or annual report containing key data about the institution;
- background information on the school, department and/or program involved in this request;
- curricula vitae or brief biographies of one to three key personnel relevant to the request (in the case of research scientists, please limit publications list to one page of key contributions);
- if renovation or construction is involved, permit status and a brief description or site plan for which requested funds would be expended;
- if collaborations are involved, letters of agreement or support.

All required materials must be submitted to:

W. M. Keck Foundation  
550 South Hope Street  
Suite 2500  
Los Angeles, California 90071

*Electronic submission of applications is not accepted.*

Upon receipt of a complete Phase I request containing all of the above material, the W. M. Keck Foundation will notify the applicant institution if any additional information is required for the Foundation's review process.

### III. Notification

Receipt of completed Phase I requests will be acknowledged by the Foundation within six weeks. The W. M. Keck Foundation will then review completed Phase I applications and will notify those that will be invited to proceed to Phase II.

## PHASE II

### I. Timetable

After reviewing Phase I letters of inquiry, the Foundation invites selected applicants to submit a complete Phase II proposal, as described below. Invited proposals are due by 4:30 p.m. on March 15 for consideration at the June board meeting, and by 4:30 p.m. on September 15 for consideration at the December board meeting. If March 15 or September 15 falls on a Saturday or Sunday, the deadline is 4:30 p.m. on the following Monday. Proposals received after the above stated deadlines will be assigned to the next grant cycle. The Foundation appreciates early submissions.

*Unsolicited proposals are not accepted at any time.*

### II. Procedures

Upon invitation only, applicant institutions may submit a complete proposal, which must contain the following required information and documentation:

#### A. The Applicant Information Form

- This is provided by the W. M. Keck Foundation when an invitation to submit a full proposal is issued. It must be complete and signed by the applicant institution's chief executive officer.

#### B. Organizational Information

- 1. A copy of the institution's most recent annual report, if available, or a statement of the institution's background, purposes, and objectives.
- 2. A copy of the institutional budget for the current year.
- 3. Any other financial information as required by the Foundation.
- 4. A list of names of the members of the institution's governing board, showing their business, professional, or community affiliations.
- 5. A list of the names of any member, director, officer, or employee of the W. M. Keck Foundation, or immediate family member of any of the preceding, who is associated with the applicant, or indicate that no such relationships exist.



## SCIENCE, ENGINEERING AND LIBERAL ARTS, AND MEDICAL RESEARCH SECTION

- 6. A fundraising history on the form provided by the W. M. Keck Foundation indicating:
  - the total amount given by foundations and the total amount given by corporations in each year for the last five years;
  - the amount and source of the five largest gifts received during the same time period.

### C. Project Information

- 1. A detailed description of the project for which support is sought, including its purposes, objectives, and proposed plan for implementation.
- 2. A detailed budget for each major phase of the project.
- 3. A timetable for implementation of the project, showing dates of start and finish of all major phases as described in C 2, above.
- 4. Curricula vitae or brief biographies of key personnel (in the case of research scientists, please limit publications list to one page of key contributions).
- 5. A statement of other sources of financial support for the project, including:
  - amounts committed to date;
  - whether these are cash or pledges;
  - an indication of any conditions these contributions are subject to;
  - pending solicitations for the project.
- 6. For construction or renovation projects only, documentation of the building permit process.
- 7. A statement describing how the W. M. Keck Foundation's support would be acknowledged if a grant were made.
- 8. A description of the evaluative method to be used by the applicant and the Foundation to assess the impact of the project, if funded.

All required materials must be submitted to:

W. M. Keck Foundation  
550 South Hope Street  
Suite 2500  
Los Angeles, California 90071

*Electronic submission of applications is not accepted.*

### III. Notification

Upon receipt of a complete proposal containing all of the above material, the W. M. Keck Foundation will notify the applicant institution if any additional information is required for the Foundation's review process.

After the board has made its final grant decisions in a given grant cycle (June or December), all Phase II applicants will be notified of the board's decision in writing by the Foundation's president.

### Special Projects

A Phase I inquiry submitted in the program areas of Science, Engineering and the Liberal Arts, or in Medical Research that requests more than \$5,000,000 will be designated as a Special Project. The deadlines, required project information and supporting documentation for the submission of a Phase I Special Project are the same as those for any Phase I inquiry as set forth above. As Special Projects are considered separately from other inquiries, such a request does not preclude submission of a funding request to any of the Foundation's three grant programs. Upon notification of invitation to Phase II, Special Project requests must again conform to the requirements for Phase II proposals set forth above. Note that Special Projects are not necessarily reviewed within the standard grant cycle timeframe.

### Distinguished Young Scholars In Medical Research

This program, initiated in 1998, is designed to support outstanding young scientists at the beginning of their careers. Nominees may be submitted by institutions on an invitation-only basis.

## STATEMENT OF POLICY AND PROCEDURES

### SOUTHERN CALIFORNIA SECTION

*Revised 2001*

In its Southern California Program, the W. M. Keck Foundation's goal is to provide new opportunities to its neighbors through the support of organizations that bring arts and culture, civic and community services, health care, and precollegiate education to the region. In particular, the Foundation is increasingly focusing on programs that enrich the lives of children and youth in Los Angeles and its immediate environs. In keeping with this focus, the Foundation has established the Early Learning Program. Guidelines for this program immediately follow this section.

As in all of its grantmaking, the Foundation's Southern California Program is guided by the entrepreneurial spirit of our founder and a focus on excellence and innovation. The Foundation seeks to invest in projects that respond to compelling needs with creative and sustainable solutions that promise to better the lives of people now and in the future. The Foundation encourages collaborative efforts with broad community support, as well as projects spearheaded by the vision of one organization's strong leadership.

In all of this Program's focus areas – arts and culture, civic and community services, health care, and precollegiate education – the Foundation encourages projects that promote the education of our children and youth. We hope

these projects either prevent problems from arising, or provide an avenue for intervention before problems, be they delinquency, illiteracy, or illness, become insurmountable. Projects which address the special needs of people who are physically, mentally or emotionally challenged are also considered.

Colleges and universities located in Southern California pursuing projects that meet the Program's interests are eligible to apply.

In addition to supporting the above purposes, the Foundation may from time to time consider special, major grants for endeavors that the Foundation believes have the potential to ultimately produce significant benefits to humankind.

In implementing this grant policy statement, the W. M. Keck Foundation will strive to sustain and encourage the tradition of private philanthropy established by its founder.

#### EVALUATION CRITERIA

Characteristics that the Foundation will look for include:

- a. Exemplary institutions and organizations with a history of achievement and effective management.
- b. Innovative programs and projects that bear promise to create significant new opportunities for the target

## SOUTHERN CALIFORNIA SECTION

- population. All programs should have the potential to exert a measurable impact in the area for which the applicant requests support, and should demonstrate that the chances for success for such programs would be impaired without the assistance of private philanthropy generally, and the W. M. Keck Foundation in particular.
- c. Institutions and organizations whose financial condition is strong, as demonstrated by their current full, certified, audited financial statements.
  - d. Programs and projects that encourage self-sufficiency rather than continuing dependence on W. M. Keck Foundation support.
  - e. Programs and projects that respond to a compelling need.
  - f. Programs and projects that are consistent with the W. M. Keck Foundation's identified fields of interest.

### LIMITATIONS AND RESTRICTIONS

Organizations are ineligible for consideration if they have not received a permanent, tax-exempt ruling determination from the federal government and the State of California, or if they cannot provide current full, certified, audited financial statements, or if they are private foundations.

Funding will also not be considered for the following purposes:

- a. Organizations not having their headquarters in Southern California, or in the case of national organizations, not having an independent affiliate located in Southern California that is operating strictly for the benefit of the Southern California community.
- b. Routine institutional or general operating expenses, general endowments, deficit reduction, or general or administrative overhead expenses.
- c. General and federated campaigns, including fundraising events, dinners, or mass mailings.
- d. Grants to individuals.
- e. Support for conduit organizations, unified funds, or organizations that use grant funds from donors to support other organizations or individuals.
- f. Sponsorship of conferences or seminars.
- g. Publication of books or the production of films or theater.
- h. Public policy research or activities of any kind.

- i. Support for organizations or projects to be undertaken outside the United States.

### APPLICATION PROCESS

*Applicants are urged to study the following application process carefully.*

The W. M. Keck Foundation considers only grant applications that reflect institutional priorities as identified by the applicant's chief executive officer. The Foundation adheres to a formal two-phase application process and awards grants twice a year, in June and December. While a formal application is made by a submission of a complete Phase I letter of inquiry and supporting documentation, the Foundation strongly urges interested grantseekers to contact its staff by letter or telephone in advance of such a submission.

### INITIAL CONTACTS

If, after reviewing this Statement of Policy and Procedures carefully, an institution determines it might be eligible for W. M. Keck Foundation consideration, it is recommended that the organization first send the required supporting documents listed in Section B beginning on page 50 for eligibility review. Once eligibility is established, all applicants are strongly urged to schedule a telephone conference or office visit with the program staff before submitting a Phase I inquiry. Consultations should include both the chief executive officer or executive director and the central liaison or development person when possible. This opportunity to share information is often valuable to both Foundation staff and the applicant.

In general, contacts should come from an organization's chief executive officer or director of development. If the organization is a multi-unit institution, such as a college or university, contacts must be coordinated through a central office. Most major universities have designated an official liaison with the Foundation. Other personnel contacting the Foundation will be referred to the official liaison.

The Foundation will consider multi-institutional projects. Consortia of organizations may apply for funding if one institution agrees to be the "host," with all materials submitted through that organization. Supporting documentation providing proof of tax-exempt status and solvency is required of all participating organizations.

## SOUTHERN CALIFORNIA SECTION

### PHASE I

#### I. Timetable

Initial application must be made by Phase I inquiry, as described below. Deadline for a Phase I inquiry is 4:30 p.m. on May 15 to be considered for the December grant cycle, and 4:30 p.m. on November 15 to be considered for the June grant cycle. If May 15 or November 15 falls on a Saturday or Sunday, the deadline is 4:30 p.m. on the following Monday. Earlier submissions are greatly appreciated. Phase I inquiries received after the above stated deadlines will be assigned to the next grant cycle.

#### II. Procedures

Applicants who have been deemed eligible in the initial contact stage may submit a Phase I inquiry to the Southern California Program. (Certain applicants may also be eligible to apply to the Medical Research and Science, Engineering and Liberal Arts programs described elsewhere in this statement.) On a case-by-case basis, the Foundation will consider new requests from current grant recipients before the grant has been fully expended. In the instance of a declined Phase I letter of inquiry or Phase II proposal, the organization must wait one grant cycle to reapply. At any phase of the application process, an organization may request a withdrawal of its application without prejudice to future applications.

The Foundation will only consider inquiries which contain the required information and documentation listed in Sections A and B below:

##### A. Project Information

- I. A narrative on letterhead, not to exceed three pages, that is signed by the applicant's chief executive officer and includes:
  - a statement of the specific amount being requested from the W. M. Keck Foundation;
  - a brief statement of the institution's background, including any awards or meritorious distinctions;
  - a description of the project for which support is sought;
  - if renovation or construction is involved, include permit status and a brief description of the facility and programs to be offered;

- a brief description of the need for the project;
  - a summary of the timetable for implementation of the project; applicants should note the Foundation's deadlines and timetable carefully and be sure the project timeline is consistent with these dates;
  - a brief summary of the fundraising plan for the project, including total amount received or pledged to date, and other sources pending and/or to be approached (please attach itemized list of committed and pending donors and amounts);
  - justification as to why this request is being submitted to the W. M. Keck Foundation, as opposed to other private or public funding sources.
- 2. A budget of the entire project, including information specifying the items for which Keck support is being sought, not to exceed one page.
  - 3. A list of at least three names, titles, complete addresses, telephone and fax numbers of knowledgeable experts in the field who are not affiliated with the proposed project. Include also a sentence explaining why this individual was chosen. None of these references may be in a position to benefit in any way if the organization receives an award. References may be contacted by the Foundation at its sole discretion to review the letter of inquiry and assess the potential of the project.
  - 4. A fundraising history for the organization indicating:
    - the total amount given by foundations and the total amount given by corporations in each year for the last five years;
    - the amount and source of the five largest gifts received during the same time period.
  - 5. A list of names of the members of the institution's governing board, showing their business, professional, or community affiliations.

All of the preceding information must be printed in at least 12 point type with standard spacing between the lines on 8½" by 11" paper with 1" margins.

##### B. Supporting Documentation

- I. A copy of the institution's current full, certified, audited financial statements. An accountant's review or compilation does not suffice.

## SOUTHERN CALIFORNIA SECTION

- 2. A copy of the institution's determination letter(s) from the United States Internal Revenue Service stating that the institution:
  - is exempt from federal taxation as defined by Section 501(c)(3) of the Internal Revenue Code; and
  - is a public charity (and not a private foundation) as defined by Section 509(a) of the Internal Revenue Code.
- 3. A copy of the confirmation letter from the State of California Franchise Tax Board stating that the institution is exempt from California State Franchise or Income Tax under Section 23701(d) of the Revenue and Taxation Code.

All documentation, with the sole exception of group rulings, must be in the same, current and full name of the qualifying organization. Group rulings should include documentation evidencing that the applicant is specifically entitled to use the group's tax exempt status. Both the federal and the California tax-exemption rulings must be permanent; an advance ruling does not suffice.

### C. Optional Background Information

Depending upon the project, the applicant may wish to include some or all of the following:

- a fact sheet or annual report containing key data about the organization;
- background information on the program, school and/or department involved in this request;
- any existing research or outcome data supporting the effectiveness of the program for which Keck support is being sought;
- curricula vitae or brief biographies of one to three key personnel relevant to the request;
- if collaborations are involved, letters of agreement or support specifying the roles and responsibilities of each partner.

All required materials must be submitted to:

W. M. Keck Foundation  
550 South Hope Street  
Suite 2500  
Los Angeles, California 90071

*Electronic submission of applications is not accepted.*

Upon receipt of a complete Phase I request containing all of the above material, the W. M. Keck Foundation will notify the applicant institution if any additional information is required for the Foundation's review process.

### III. Notification

Receipt of completed Phase I requests will be acknowledged by the Foundation within six weeks. The W. M. Keck Foundation will then review completed Phase I applications and will notify those that will be invited to proceed to Phase II.

## PHASE II

### I. Timetable

After reviewing Phase I letters of inquiry, the Foundation invites selected applicants to submit a complete Phase II proposal, as described below. Invited proposals are due by 4:30 p.m. on March 15 for consideration at the June board meeting, and by 4:30 p.m. on September 15 for consideration at the December board meeting. If March 15 or September 15 falls on a Saturday or Sunday, the deadline is 4:30 p.m. on the following Monday. Proposals received after the above stated deadlines will be assigned to the next grant cycle. The Foundation appreciates early submissions.

*Unsolicited proposals are not accepted at any time.*

### II. Procedures

Upon invitation only, applicant institutions may submit a complete proposal, which must contain the following required information and documentation:

#### A. The Applicant Information Form

- This is provided by the W. M. Keck Foundation when an invitation to submit a full proposal is issued. It must be complete and signed by the applicant institution's chief executive officer.

#### B. Organizational Information

- 1. A copy of the institution's most recent annual report, if available, or a statement of the institution's background, purposes, and objectives.
- 2. A copy of the institutional budget for the current year.

## SOUTHERN CALIFORNIA SECTION

- 3. Any other financial information as required by the Foundation.
- 4. An updated list of names of the members of the institution's governing board, showing their business, professional, or community affiliations.
- 5. A list of the names of any member, director, officer, or employee of the W.M. Keck Foundation, or immediate family member of any of the preceding, who is associated with the applicant, or indicate that no such relationships exist.
- 6. An organizational chart, if available.

### C. Project Information

- 1. A detailed description of the project for which support is sought, and the envisioned impact on the project's target population, including any existing research or outcome data. If a capital project, also provide a detailed description of the programs to be offered in the new facility.
- 2. A detailed description of the need for the project and the need for funding.
- 3. A detailed project budget with line item narrative and timetable for implementation, showing dates of start, finish, and all major phases.
- 4. An update on other sources of financial support for the project, including:
  - amounts committed to date;
  - whether these are cash or pledges;
  - an indication of any conditions to which they are subjected;
  - pending solicitations for the project and expected date of notification.
- 5. For construction or renovation projects only, documentation of the building permit process.
- 6. A statement describing how the W. M. Keck Foundation's support would be acknowledged if a grant were made.
- 7. A description of the evaluative method to be used by the applicant to assess the impact of the project. Please specify anticipated measurable outcomes for the population to be served, if possible.

- 8. A description of the financial plan to maintain the facility once constructed and/or sustain the program once established and/or expanded. If a capital project, also provide a two-year proforma detailing anticipated costs and revenue sources for the programs to be offered in the new facility.

All of the above material must be submitted to:

W. M. Keck Foundation  
550 South Hope Street  
Suite 2500  
Los Angeles, California 90071

*Electronic submission of applications is not accepted.*

### III. Notification

Upon receipt of a complete proposal containing all of the above material, the W. M. Keck Foundation will notify the applicant institution if any additional information is required for the Foundation's review process.

After the board has made its final grant decisions in a given grant cycle (June or December), all Phase II applicants will be notified of the board's decision in writing by the Foundation's president.

### Special Projects

A Phase I inquiry to the Southern California program requesting more than \$1,000,000 will be designated as a Special Project. The deadlines, required project information and supporting documentation for the submission of a Phase I Special Project are the same as those for any Phase I inquiry as set forth above. As Special Projects are considered separately from other inquiries, such a request does not preclude submission of a funding request to any of the Foundation's three grant programs. Upon notification of invitation to Phase II, Special Project requests must again conform to the requirements for Phase II proposals set forth above. Note that Special Projects are not necessarily reviewed within the standard grant cycle timeframe.

## STATEMENT OF POLICY AND PROCEDURES

### EARLY LEARNING SECTION

*Revised 2001*

In Southern California, the W. M. Keck Foundation has a long history of supporting programs that address the educational needs of children and youth. For example, the Foundation has been underwriting the Southern California broadcast of *Sesame Street* for over two decades, and continues to support this award-winning children's program. Building on this tradition, the Foundation has established the W. M. Keck Foundation Early Learning Program as a new focus area within the Southern California Program. Under this five-year program, the Foundation will promote excellence in the field of early childhood education.

The Foundation's goal is to help ensure that young children ages 0-5 have access to quality early learning experiences that promote their full development and prepare them to enter school ready to learn. The Foundation's investment in early learning programs is intended to contribute to achieving the following overarching goals:

- children who are confident, curious and sociable, and who love learning;
- parents and caregivers who support and nurture their children's development;

- children and families who have good language and literacy skills;
- children who enter kindergarten ready to learn.

In addition to its new focus on early learning, the Foundation will continue to provide grants in the Southern California Program's current focus areas – arts and culture, civic and community services, health care, and precollegiate education – with an emphasis on enriching the lives of children and youth. See the preceding Southern California Section for application guidelines in these four areas.

As in all of its grantmaking, the Foundation's Early Learning Program is guided by the entrepreneurial spirit of our founder and a focus on excellence and innovation. The Foundation seeks to invest in projects that respond to compelling needs with creative and sustainable solutions that promise to better the lives of people now and in the future.

#### PROGRAM STRATEGIES

The W. M. Keck Foundation Early Learning Program seeks to support programs or projects that improve the quality, increase the availability, and/or enhance the accessibility of



## EARLY LEARNING SECTION

early childhood learning opportunities that promote cognitive and social development. Examples of projects to be considered by the Foundation for support include, but are not limited to, the following strategies:

- Training and education for teachers, child care staff, administrators, and board members;
- Training and education for parents or caregivers;
- Curriculum enhancements in the areas of early literacy, reading, music, art, and movement, as well as developmental experiences such as field trips to museums, zoos, and botanical gardens;
- Technical assistance;
- Purchase of equipment and materials, including developmentally appropriate toys, educational materials, books, and playground equipment;
- Construction and renovation;
- Scholarships for low-income children to attend quality early learning programs as part of a new or expanded program.

All programs or projects for which Foundation funding is being sought must have a strong educational and parent involvement focus, and demonstrate a commitment to excellence. Applicants should articulate how their program or project will contribute to achieving the W. M. Keck Foundation Early Learning Program's goals for the development of children and families.

### TARGET POPULATION

Programs must target children 0–5 years old and their parents or caregivers living in Los Angeles County. The Foundation encourages applications for support of programs that serve children who are from low-income families, have special needs, and/or are in the foster care system.

### FUNDING

Requests for multi-year funding will be considered. Preference will be given to programs that leverage funding from other public and/or private sources. Funding is not available for core operating needs of existing programs.

### ELIGIBLE APPLICANTS

Nonprofit organizations, universities and colleges in Southern California that are pursuing programs or projects that meet the W. M. Keck Foundation Early Learning Program's interests are eligible to apply. The Foundation encourages collaborative efforts with broad community support, as well as projects spearheaded by the vision of one organization's strong leadership.

### EVALUATION CRITERIA

All applicants must meet the W. M. Keck Foundation's evaluation criteria. Characteristics that the Foundation will look for include:

- a. Exemplary institutions and organizations with a history of achievement and effective management.
- b. Innovative programs and projects that bear promise to create significant new opportunities for the target population. All programs should have the potential to exert a measurable impact in the area for which the applicant requests support; and should demonstrate that the chances for success for such programs would be impaired without the assistance of private philanthropy generally, and the W. M. Keck Foundation in particular.
- c. Institutions and organizations whose financial condition is strong, as demonstrated by their current full, certified, audited financial statements.
- d. Programs and projects that encourage self-sufficiency rather than continuing dependence on W. M. Keck Foundation support.
- e. Programs and projects that respond to a compelling need.
- f. Programs and projects that are consistent with the W. M. Keck Foundation's identified fields of interest.

### LIMITATIONS AND RESTRICTIONS

Organizations are ineligible for consideration if they have not received a permanent, tax-exempt ruling determination from the federal government and the State of California, or if they cannot provide current full, certified, audited financial statements, or if they are private foundations.

## EARLY LEARNING SECTION

Funding will also not be considered for the following purposes:

- a. Organizations not having their headquarters in Southern California, or in the case of national organizations, not having an independent affiliate located in Southern California that is operating strictly for the benefit of the Southern California community.
- b. Routine institutional or general operating expenses, general endowments, deficit reduction, or general or administrative overhead expenses.
- c. General and federated campaigns, including fundraising events, dinners, or mass mailings.
- d. Grants to individuals.
- e. Support for conduit organizations, unified funds, or organizations that use grant funds from donors to support other organizations or individuals.
- f. Sponsorship of conferences or seminars.
- g. Publication of books or the production of films or theater.
- h. Public policy research or activities of any kind.
- i. Support for organizations or projects to be undertaken outside the United States.

### APPLICATION PROCESS

*Applicants to the Foundation's Early Learning Program are urged to carefully study the following application process, which is also adhered to by applicants seeking funding in the Southern California Program's other focus areas.*

The W. M. Keck Foundation considers only grant applications that reflect institutional priorities as identified by the applicant's chief executive officer. The Foundation adheres to a formal two-phase application process and awards grants twice a year, in June and December. While a formal application is made by a submission of a complete Phase I letter of inquiry and supporting documentation, the Foundation strongly urges interested grantseekers to contact its staff by letter or telephone in advance of such a submission.

### INITIAL CONTACTS

If, after reviewing these guidelines carefully, an institution determines it might be eligible for W. M. Keck Foundation consideration, it is recommended that the organization first send the required supporting documents listed in Section B beginning on page 56 for eligibility review. Once eligibility is established, all applicants are strongly urged to schedule a telephone conference or office visit with the program staff before submitting a Phase I inquiry. Consultations should include both the chief executive officer or executive director and the central liaison or development person when possible. This opportunity to share information is often valuable to both Foundation staff and the applicant.

In general, contacts should come from an organization's chief executive officer or director of development. If the organization is a multi-unit institution, such as a college or university, contacts must be coordinated through a central office. Most major universities have designated an official liaison with the Foundation. Other personnel contacting the Foundation will be referred to the official liaison.

The Foundation will consider multi-institutional projects. Consortia of organizations may apply for funding if one institution agrees to be the "host," with all materials submitted through that organization. Supporting documentation providing proof of tax-exempt status and solvency is required of all participating organizations.

### PHASE I

#### I. Timetable

Initial application must be made by Phase I inquiry, as described below. Deadline for a Phase I inquiry is 4:30 p.m. on May 15 to be considered for the December grant cycle, and 4:30 p.m. on November 15 to be considered for the June grant cycle. If May 15 or November 15 falls on a Saturday or Sunday, the deadline is 4:30 p.m. on the following Monday. Earlier submissions are greatly appreciated. Phase I inquiries received after the above stated deadlines will be assigned to the next grant cycle.

## EARLY LEARNING SECTION

### II. Procedures

Applicants who have been deemed eligible in the initial contact stage may submit a Phase I inquiry to the Southern California Program specifying that the request is for the Early Learning Program. On a case-by-case basis, the Foundation will consider new requests from current grant recipients before the grant has been fully expended. In the instance of a declined Phase I letter of inquiry or Phase II proposal, the organization must wait one grant cycle to reapply. At any phase of the application process, an organization may request a withdrawal of its application without prejudice to future applications.

The Foundation will only consider inquiries which contain the required information and documentation listed in Sections A and B below:

#### A. Project Information

- 1. A narrative on letterhead, not to exceed three pages, that is signed by the applicant's chief executive officer and includes:
  - a statement of the specific amount being requested from the W. M. Keck Foundation;
  - a brief statement of the institution's background, including any awards or meritorious distinctions;
  - a description of the project for which support is sought, including its objectives and anticipated outcomes for children and families;
  - if renovation or construction is involved, include permit status and a brief description of the facility and programs to be offered;
  - a brief description of the need for this project;
  - a summary of the timetable for implementation of the project; applicants should note the Foundation's deadlines and timetable carefully and be sure the project timeline is consistent with these dates;
  - a brief summary of the fundraising plan for the project, including total amount received or pledged to date, and other sources pending and/or to be approached (please attached itemized list of committed and pending donors and amounts);

- justification as to why this request is being submitted to the W. M. Keck Foundation, as opposed to other private or public funding sources.
  - 2. A budget of the entire project, including information specifying the items for which Keck support is being sought, not to exceed one page.
  - 3. A list of at least three names, titles, complete addresses, telephone and fax numbers of knowledgeable experts in the field who are not affiliated with the proposed project. Include also a sentence explaining why this individual was chosen. None of these references may be in a position to benefit in any way if the organization receives an award. References may be contacted by the Foundation at its sole discretion to review the letter of inquiry and assess the potential of the project.
  - 4. A fundraising history for the organization indicating:
    - the total amount given by foundations and the total amount given by corporations in each year for the last five years;
    - the amount and source of the five largest gifts received during the same time period.
  - 5. A list of names of the members of the institution's governing board, showing their business, professional, or community affiliations.
- All of the preceding information must be printed in at least 12 point type with standard spacing between the lines on 8½" by 11" paper with 1" margins.

#### B. Supporting Documentation

- 1. A copy of the institution's current full, certified, audited financial statements. An accountant's review or compilation does not suffice.
- 2. A copy of the institution's determination letter(s) from the United States Internal Revenue Service stating that the institution:
  - is exempt from federal taxation as defined by Section 501(c)(3) of the Internal Revenue Code; and
  - is a public charity (and not a private foundation) as defined by Section 509(a) of the Internal Revenue Code.

## EARLY LEARNING SECTION

- 3. A copy of the confirmation letter from the State of California Franchise Tax Board stating that the institution is exempt from California State Franchise or Income Tax under Section 23701(d) of the Revenue and Taxation Code.

All documentation, with the sole exception of group rulings, must be in the same, current and full name of the qualifying organization. Group rulings should include documentation evidencing that the applicant is specifically entitled to use the group's tax exempt status. Both the federal and the California tax-exemption rulings must be permanent; an advance ruling does not suffice.

### C. Optional Background Information

Depending upon the project, the applicant may wish to include some or all of the following:

- a fact sheet or annual report containing key data about the organization;
- background information on the program, school and/or department involved in this request;
- any existing research or outcome data supporting the effectiveness of the program for which Keck support is being sought;
- curricula vitae or brief biographies of one to three key personnel relevant to the request;
- if collaborations are involved, letters of agreement or support specifying the roles and responsibilities of each partner.

All required materials must be submitted to:

W. M. Keck Foundation  
550 South Hope Street  
Suite 2500  
Los Angeles, California 90071

*Electronic submission of applications is not accepted.*

Upon receipt of a complete Phase I request containing all of the above material, the W. M. Keck Foundation will notify the applicant institution if any additional information is required for the Foundation's review process.

### III. Notification

Receipt of completed Phase I requests will be acknowledged by the Foundation within six weeks. The W. M. Keck Foundation will then review completed Phase I applications and will notify those that will be invited to proceed to Phase II.

#### PHASE II

##### I. Timetable

After reviewing Phase I letters of inquiry, the Foundation invites selected applicants to submit a complete Phase II proposal, as described below. Invited proposals are due by 4:30 p.m. on March 15 for consideration at the June board meeting, and by 4:30 p.m. on September 15 for consideration at the December board meeting. If March 15 or September 15 falls on a Saturday or Sunday, the deadline is 4:30 p.m. on the following Monday. Proposals received after the above stated deadlines will be assigned to the next grant cycle. The Foundation appreciates early submissions.

*Unsolicited proposals are not accepted at any time.*

##### II. Procedures

Upon invitation only, applicant institutions may submit a complete proposal, which must contain the following required information and documentation:

###### A. The Applicant Information Form

- This is provided by the W. M. Keck Foundation when an invitation to submit a full proposal is issued. It must be complete and signed by the applicant institution's chief executive officer.

###### B. Organizational Information

- 1. A copy of the institution's most recent annual report, if available, or a statement of the institution's background, purposes, and objectives.

## EARLY LEARNING SECTION

- 2. A copy of the institutional budget for the current year.
- 3. Any other financial information as required by the Foundation.
- 4. An updated list of names of the members of the institution's governing board, showing their business, professional, or community affiliations.
- 5. A list of the names of any member, director, officer, or employee of the W. M. Keck Foundation, or immediate family member of any of the preceding, who is associated with the applicant, or indicate that no such relationships exist.
- 6. An organizational chart, if available.

### C. Project Information

- 1. Background information on the early learning program, including hours of operation, staffing pattern and qualifications, daily activities, wrap-around supportive services, and parent involvement opportunities.
- 2. A detailed description of the project for which support is sought, and the envisioned impact on the project's target population, including any existing research or outcome data. If a capital project, also provide a detailed description of the programs to be offered in the new facility.
- 3. A detailed description of the need for the project and the need for funding.
- 4. A detailed project budget with line item narrative and timetable for implementation, showing dates of all major phases.
- 5. An update on other sources of financial support for the project, including:
  - amounts committed to date;
  - whether these are cash or pledges;
  - an indication of any conditions to which they are subjected;
  - pending solicitations for the project and expected date of notification;
- 6. For construction or renovation projects only, documentation of the building permit process.

- 7. A statement describing how the W. M. Keck Foundation's support would be acknowledged if a grant were made.
- 8. A description of the evaluative method to be used by the applicant to assess the impact of its early learning program in achieving one or more of the Foundation's Early Learning Program goals. Please specify anticipated measurable outcomes for the population to be served, if possible.
- 9. A description of the financial plan to maintain the facility once constructed and/or sustain the program once established and/or expanded. If a capital project, also provide a two-year proforma detailing anticipated costs and revenue sources for the programs to be offered in the new facility.

All of the above material must be submitted to:

W. M. Keck Foundation  
550 South Hope Street  
Suite 2500  
Los Angeles, California 90071

*Electronic submission of applications is not accepted.*

### III. Notification

Upon receipt of a complete proposal containing all of the above material, the W. M. Keck Foundation will notify the applicant institution if any additional information is required for the Foundation's review process.

After the board has made its final grant decisions in a given grant cycle (June or December), all Phase II applicants will be notified of the board's decision in writing by the Foundation's president.

## FINANCIAL STATEMENTS

## STATEMENTS OF FINANCIAL POSITION

December 31, 2000 and 1999	2000	1999
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 91,006,000	\$ 91,301,000
Receivable from Brokers	22,769,000	15,937,000
Interest Receivable	2,678,000	4,150,000
Dividends Receivable	638,000	1,047,000
Prepaid Federal Excise Taxes	2,253,000	—
Prepaid Expenses	15,000	155,000
Investments – Held for Sale, at Market	1,411,293,000	1,676,646,000
Fixed Assets, Net	3,069,000	713,000
Total Assets	\$ 1,533,721,000	\$ 1,789,949,000
<b>LIABILITIES AND NET ASSETS</b>		
Payable to Brokers	\$ 22,101,000	\$ 35,178,000
Grants Payable, Net	12,766,000	11,988,000
Federal Excise Taxes Payable	—	370,000
Accounts Payable and Accrued Expenses	1,738,000	339,000
Deferred Federal Excise Taxes Payable	3,973,000	8,716,000
Unrestricted Net Assets	1,493,143,000	1,733,358,000
Total Liabilities and Unrestricted Net Assets	\$ 1,533,721,000	\$ 1,789,949,000

*The accompanying notes are an integral part of these financial statements.*



## STATEMENTS OF ACTIVITIES

For the years ended December 31, 2000 and 1999

	2000	1999
<b>REVENUES</b>		
Interest	\$ 22,805,000	\$ 28,055,000
Dividends	7,846,000	14,591,000
Other Income	5,000	41,000
	30,656,000	42,687,000
<b>(LOSSES) GAINS ON INVESTMENTS, NET</b>		
Realized Gain	62,632,000	224,168,000
Unrealized (Loss) Gain	(237,180,000)	47,580,000
	(174,548,000)	271,748,000
Total Revenues, Gains and (Losses)	(143,892,000)	314,435,000
<b>EXPENSES</b>		
Grants	82,531,000	67,698,000
Investment Management Fees	10,936,000	6,532,000
Management and General Services	6,013,000	5,372,000
Federal Excise Tax (Benefit) Provision	(3,157,000)	6,140,000
Total Expenses	96,323,000	85,742,000
(Deficit) Excess of Revenues and Gains Over Expenses	(240,215,000)	228,693,000
Unrestricted Net Assets, Beginning of Year	1,733,358,000	1,504,665,000
Unrestricted Net Assets, End of Year	\$ 1,493,143,000	\$ 1,733,358,000

*The accompanying notes are an integral part of these financial statements.*

## STATEMENTS OF CASH FLOWS

For the years ended December 31, 2000 and 1999	2000	1999
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Deficit) Excess of Revenues and Gains Over Expenses	\$ (240,215,000)	\$ 228,693,000
Adjustments to Reconcile (Deficit) Excess of Revenues and Gains Over Expenses to Net Cash Used in Operating Activities:		
Depreciation	349,000	295,000
Accretion of Discounts	(836,000)	(743,000)
Loss on Disposal of Fixed Assets	148,000	—
Realized Gains on Investments	(62,632,000)	(224,168,000)
Unrealized (Losses) Gains on Investments	237,180,000	(47,580,000)
Changes in Operating Assets and Liabilities:		
Receivable from Brokers	(6,832,000)	18,384,000
Interest Receivable	1,472,000	(1,878,000)
Dividends Receivable	409,000	178,000
Prepaid Expenses	140,000	(135,000)
Payable to Brokers	(13,077,000)	7,421,000
Accounts Payables and Accrued Expenses	1,399,000	(853,000)
Federal Excise Taxes	(7,366,000)	1,490,000
Grants Payable	778,000	(3,395,000)
Net Cash Used in Operating Activities	(89,083,000)	(22,291,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(3,550,024,000)	(1,746,748,000)
Proceeds on Disposition of Investments	3,641,665,000	1,786,957,000
Acquisition of Fixed Assets, Net	(2,853,000)	(277,000)
Net Cash Provided by Investing Activities	88,788,000	39,932,000
Net (Decrease) Increase In Cash and Cash Equivalents	(295,000)	17,641,000
Cash and Cash Equivalents, beginning of year	91,301,000	73,660,000
Cash and Cash Equivalents, end of year	\$ 91,006,000	\$ 91,301,000
<b>Supplemental Disclosure</b>		
Taxes Paid During the Year	\$ 3,900,000	\$ 4,650,000

The accompanying notes are an integral part of these financial statements.

## NOTES TO FINANCIAL STATEMENTS

*December 31, 2000*

### I. SUMMARY OF THE W.M. KECK FOUNDATION

#### FORMATION AND GOALS OF THE FOUNDATION

The W.M. Keck Foundation (the Foundation) was incorporated in the State of Delaware on January 20, 1959 as a not-for-profit charitable corporation. The Foundation's goals are principally to identify and support university and college research and education programs in the areas of science, engineering, and medicine. In addition, the Foundation gives some consideration to promoting liberal arts education and, in Southern California only, to supporting community services, health care, pre-collegiate education, and the arts. Operations are funded by the Foundation's earnings on their investment portfolio.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Foundation are presented on the accrual method of accounting. The preparation of these financial statements required the use of certain estimates by management in determining the entity's assets, liabilities, revenues and expenses.

#### CONTRIBUTIONS RECEIVED AND GRANT PAYMENTS MADE

Statement of Financial Accounting Standards ("SFAS") No. 116 "Accounting for Contributions Received and Contributions Made" -establishes the accounting for contributions received and grant payments made and introduced the concept of temporarily and permanently restricted net assets, based on restrictions imposed by the Donor. At December 31, 2000 and 1999 there were no temporarily or permanently restricted net assets.

In accordance with SFAS No. 116 unconditional grant payments are recognized as an expense in the period in which they are approved. If these grants are to be paid over a period exceeding one year they are recorded at the net present value of the future cash payments, using an applicable Treasury Bill rate. Grants, which are conditional upon a future and uncertain event, are expensed when these conditions are substantially met. A conditional promise to give is considered unconditional if the possibility that the condition will not be met is remote.

#### CASH AND CASH EQUIVALENTS

At December 31, 2000 and 1999, cash and cash equivalents included short-term investments of \$86,902,000 and \$91,194,000, respectively, with an original term to maturity of three months or less.

## INVESTMENTS

SFAS No. 124 “Accounting for Certain Investments Held by Not-For-Profit Organizations” requires that investments in equity securities with readily determinable fair values and all investments in debt securities shall be measured at fair value. The Foundation has adopted this policy, and thus, records investments at fair value. Fair value is determined based on quoted market prices.

Purchases and sales of securities are recorded on the trade date. Dividend income is recorded based upon the ex-dividend date. Interest income is recorded as earned on an accrual basis. Realized gains and losses are recorded upon disposition of securities. The allocation of cost to a sale, where part of a holding is disposed of, assumes that the highest-priced items are sold first. Unrealized gains and losses are included in the statement of activities and represent the difference between the cost and current market quotations of investments held at the end of the year.

## FIXED ASSETS

Fixed assets are carried at cost, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful life of each type of asset or the term of the related lease, whichever is shorter. The depreciable lives for leasehold improvements are between ten and fifteen years and the lives for furniture and equipment are five years.

### 3. INVESTMENTS – HELD FOR SALE

The cost and fair value of investments – held for sale are as follows:

	December 31, 2000		December 31, 1999	
	Cost	Fair Value	Cost	Fair Value
Corporate securities	\$ 1,038,115,000	\$ 1,225,976,000	\$ 1,026,196,000	\$ 1,451,705,000
Treasury securities	122,114,000	122,223,000	157,845,000	150,130,000
Foreign securities	52,449,000	63,094,000	56,810,000	74,811,000
Total	\$ 1,212,678,000	\$ 1,411,293,000	\$ 1,240,851,000	\$ 1,676,646,000

Net unrealized (loss) gain on investments represents the difference between the amortized cost and the fair value of investments.

The change in net unrealized gain on investments is reflected in the statement of activities and is summarized as follows:

	2000	1999
Net unrealized gain, beginning of year	\$ 435,795,000	\$ 388,215,000
Add: net unrealized (loss) gain on investments for the year	(237,180,000)	47,580,000
Net unrealized gain, end of year	\$ 198,615,000	\$ 435,795,000

#### 4. FIXED ASSETS

Fixed assets consisted of the following:

	Estimated Life	December 31, 2000	December 31, 1999
Leasehold improvements	10 to 15 years	\$ 3,047,000	\$ 1,204,000
Furniture and equipment	5 years	1,868,000	2,149,000
		4,915,000	3,353,000
Less—accumulated depreciation		(1,846,000)	(2,640,000)
Total fixed assets, net		\$ 3,069,000	\$ 713,000

The amount of depreciation included in management and general services was approximately \$349,000 and \$295,000 in 2000 and 1999, respectively.

#### 5. FEDERAL EXCISE TAX

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income taxes. However, the Foundation is classified under the Internal Revenue Code as a private foundation and, as such, is subject to a federal excise tax related to private foundations. The provision for excise tax relating to unrealized appreciation is reflected as a deferred liability until the related investment is sold or there is a change in the valuation of such investment.

The Internal Revenue Code requires that certain minimum distributions be made in accordance with a specified formula. In addition, the Foundation has undertaken to make timely qualifying distributions in order to satisfy the minimum distribution requirements.

#### 6. GRANTS PAYABLE

Grants payable as of December 31, 2000, are as follows:

Amounts payable in:

Less than one year	\$ 6,096,000
One to five years	7,236,000
	13,332,000
Less: unamortized discount	(566,000)
Total	\$ 12,766,000

## 7. COMMITMENTS

As of December 31, 2000, the Foundation had approved conditional grants totaling \$138 million, which are conditional upon other donors matching the amounts contributed by the Foundation and compliance with budget and timetable requirements and are therefore not recorded as grants payable but are commitments. In particular, grants were made to the following organizations: Graduate Institute of Applied Life Sciences (“Claremont”) – five annual contributions of \$10,000,000 commencing in 1997, University of Southern California – total contributions of \$103,000,000 commencing in 1999 and Saint John’s Health Center – total contributions of \$20,000,000 commencing in 1999. These grants will be recorded as an expense in the period when they become unconditional.

During 1999, the Foundation entered into a 15-year non-cancelable operating lease for its main office space. As of December 31, 2000, the approximate future minimum lease obligation for the lease is as follows:

Year ending December 31:

2001	\$ 360,000
2002	360,000
2003	360,000
2004	360,000
2005	360,000
Thereafter	3,208,000
	<hr/>
	\$ 5,008,000

Total rental expense for the years ended December 31, 2000 and 1999 was \$513,000 and \$334,000, respectively.

## 8. EMPLOYEE PENSION PLAN

The Foundation maintains a pension plan for eligible employees. Effective January 1, 1999, the Foundation converted their pension plan from a Money Purchase Pension Plan and Trust to a 401(k) Profit Sharing Plan (the Plan).

The Plan is qualified under section 401(k) of the Internal Revenue Code. Employees can contribute up to 12 percent of their compensation. The Foundation matches 200 percent of the employee’s deferral, but not more than 6 percent of the employee’s compensation in total. The Foundation’s matching contributions were \$86,000 and \$166,000, respectively, for the years ended December 31, 2000 and 1999.

## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of W.M. Keck Foundation

We have audited the accompanying statements of financial position of W. M. Keck Foundation (a Delaware corporation, not-for-profit) as of December 31, 2000 and 1999, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of W. M. Keck Foundation. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of W.M. Keck Foundation as of December 31, 2000 and 1999, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

A handwritten signature in blue ink that reads "Arthur Andersen LLP". The signature is written in a cursive, flowing style.

ARTHUR ANDERSEN LLP  
Los Angeles, California  
March 23, 2001



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*New York, New York*

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